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TO: Mr. Michael J. O'Neil, Chief Counsel  
Permanent Select Committee on Intelligence  
House of Representatives

25 August 1978

Mike:

Attached is the revised proposed amendatory language for H.R. 12171. As both of us will be away next week, let's be back in touch as soon as possible after Labor Day to discuss further action in terms of your Committee's actions and our equities.

I hope you'll have a pleasant week off.

Assistant Legislative Counsel

Attachment

FORM 4-78 1533C

(40)

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PROPOSED AMENDMENTS TO H.R. 12171  
THE "FEDERAL ACCOUNTING AND AUDITING ACT OF 1978"

Add the following new paragraph (3) to section 2 of H.R. 12171 (which would amend section 117 of the Accounting and Auditing Act of 1959) between lines 2 and 3 of page 3 of the bill, and delete the quotation marks and period from line 2:

"(3)(i) Nothing in this section shall be construed as affecting the authorities contained in subsection 8(b) of the Central Intelligence Agency Act of 1949, as amended, Pub. L. No. 81-110 (63 Stat. 208, 50 U.S.C. 403j).

(ii) The President may exempt from the provisions of paragraph (1) of this subsection financial transactions which relate to sensitive foreign intelligence or foreign counter-intelligence activities; such an exemption may be given for a class or category of financial transactions.

(iii) Nothing in this paragraph shall be construed as impairing the authorities of the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate to review intelligence activities."